

CLASSIFICATION **CONFIDENTIAL**
 CENTRAL INTELLIGENCE AGENCY
 INFORMATION FROM
 FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

CD NO.

50X1-HUM

COUNTRY North Korea
 SUBJECT Economic; Political - Tax law
 HOW PUBLISHED Daily newspaper
 WHERE PUBLISHED P'yongyang
 DATE PUBLISHED 31 Dec 1949
 LANGUAGE Korean

DATE OF INFORMATION 1950

DATE DIST. 27 Jun 1950

NO. OF PAGES 3

SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANINGS OF ESPIONAGE ACT 50 U. S. C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE T'usa Simmun.NORTH KOREA REVISES TAX LAWS

ADOPT ABILITY-TO-PAY POLICY FOR LOCAL TAX -- T'usa Simmun, 31 Dec 49

Kim Tu-pong, Chairman, and Kang Yang-uk, Secretary-general of the Presidium of the Supreme People's Assembly of the Democratic People's Republic of Korea, on 29 December 1949 jointly proclaimed the following law governing local autonomous taxes as adopted by the Presidium:

1. All citizens who maintain independent livelihood in the cities and counties of the People's Republic must pay county or municipal taxes in accordance with the present law.
2. The following persons shall be exempted from local taxes:
 - a. Those who are economically dependent on other persons or on the state.
 - b. Foreigners employed by the government of the People's Republic.
 - c. Students, soldiers, and civilian personnel of the People's Army.
3. The local taxes shall be levied quarterly according to the following schedules: 1st class, 450 won; 2d class, 300 won; 3d class, 180 won; 4th class, 120 won; 5th class, 75 won; 6th class, 45 won.
4. The county and municipal governments shall assess taxes for individuals according to the above schedules on the basis of the individual's paying ability. The Ministry of Finance shall formulate and issue standard tax assessment schedules.
5. Deadlines for payment of local taxes shall be as follows: 1st quarter, 25 February; 2d quarter, 24 May; 3d quarter, 25 August; 4th quarter, 25 November.
6. Tax delinquents must pay a penalty at the daily rate of one percent of the amount in arrears from the first day of default.

- 1 -

CLASSIFICATION			CONFIDENTIAL		CONFIDENTIAL														
STATE	<input checked="" type="checkbox"/> NAVY	<input checked="" type="checkbox"/> NSRB	DISTRIBUTION																
ARMY	<input checked="" type="checkbox"/> AIR	<input checked="" type="checkbox"/> FBI																	

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

7. The present law shall take effect from 1 January 1950; as of the same date, the "People's School Tax Law," issued 27 February 1947, and the "City and County Maintenance Tax Law," issued 27 February 1947, will be rescinded.

NEW BUSINESS TAX LAW PERMITS APPEAL FOR OVER-ASSESSMENT -- T'usa Simmun,
31 Dec 49

Following is the revised business tax law of the Democratic People's Republic of Korea:

A. General Provisions

1. Persons who carry on trade in the People's Republic must pay business taxes. The term "trade" shall refer to:

- a. Manufacturing and selling of merchandise;
- b. Marketing of merchandise
- c. General services as defined in paragraph 3 below.

2. Commodity ~~/sales/~~ taxes shall be levied upon the trades referred to in a and b above. Commodity taxes are classified as follows:

- a. Mining and forestry products tax
- b. Marine products tax
- c. Liquor tax
- d. Purchasing tax (imposed on the agents assembling grains and other items for the state).

3. Service taxes shall be levied upon the following trades:

- a. Public utilities
- b. Transportation
- c. Other services, including publishing, printing, hotels, barber shops, amusement centers, theaters, and restaurants.

The service taxes shall be classified according to the above classification of service trades.

4. It shall be conclusively assumed that sales prices of the following items and services include business taxes:

- a. All items sold by the manufacturers thereof who are subject to the present law.
- b. All items sold through persons who market such items and are subject to the present law.
- c. All services rendered by persons who are subject to the present law.

B. Duties and Rights of Business Taxpayers

1. A person subject to the present law shall have the following duties in addition to all the duties imposed by other paragraphs of the present law: He must:

- 2 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

a. Report all the changes of his business status including the opening or closing of a business, changing, transferring, inheriting, or moving the location thereof.

b. Submit periodical reports of his business conditions.

c. Submit estimated assessment of income tax.

d. Keep accurate ledgers of standard form.

e. Keep all other documents or items that are generally required in making assessment.

2. Appeals against fine or over-assessment may be made in writing to the authorities concerned within 10 days from the date of fine or assessment. The authorities must settle the case within 10 days from the date of appeal. The complainant who does not comply with these procedures shall be deemed a violator of the present law and shall be penalized accordingly without grace.

3. Persons who fail to comply within the specified period with "b" and "c" in the paragraph on "Duties and Rights of Business Taxpayers" above shall be penalized as follows:

a. Where the violator is a state-operated or public enterprise, persons responsible therefor may be fined up to 1,000 won each.

b. Where the violator is a private individual, he may be fined up to 5,000 won.

4. For violation of "a" in the paragraph on "Duties and Rights of Business Taxpayers" above, the following penalties may be imposed:

a. Where the violator is a state-operated or public enterprise, persons responsible therefor may be fined up to 500 won.

b. Where the violator is a private individual, he may be fined up to 3,000 won.

5. Violators of "d" and "e" in the same paragraph may be punished by law.

6. Those who fail to pay the tax or fine within the specified period may be fined at the daily rate of one percent of the amount in arrears from the first day of default. Habitual delinquents may be prosecuted by law.

7. The Cabinet of the People's Republic reserves the right to devise the present law whenever deemed necessary due to change of price situation.

8. Only the Ministry of Finance shall be authorized to decide individual cases of reduction, exemption, collection, or deferment of business taxes.

9. The present law shall take effect from 1 January 1950; on the same date the "North Korean People's Committee Decision Pertaining to Reform of North Korean Tax System," promulgated 27 February 1947, and the "Business Tax Law" issued by the North Korean People's Committee 27 February 1947, will be rescinded.

- E N D -

- 3 -

CONFIDENTIAL

CONFIDENTIAL